

Message Text

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PAGE 01 STOCKH 02985 01 OF 02 040711Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
EA-12 FRB-01 INR-10 IO-14 NEA-10 NSAE-00 ICA-20
OPIC-06 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 NSC-05 STR-07 PA-02 /137 W
-----091166 040720Z /14

R 031425Z AUG 78
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 4390
INFO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY PARIS
AMEMBASSY REYKJAVIK

UNCLAS SECTION 1 OF 2 STOCKHOLM 2985

USEEC

USOECD

E.O. 11652: N/A
TAGS: ECRP, EFIN, ELAB, ETRD, OECD, SW
SUBJ: ECONOMIC INDICATORS ON SMALLER OECD COUNTRIES: SWEDEN

REF: (A) STOCKHOLM 2679, (B) STOCKHOLM 2792, (C) STOCKHOLM 2243

1. FOLLOWING ARE ECONOMIC INDICATORS ON SWEDEN AVAILABLE
AUGUST 2. FIGURES IN BRACKETS SHOW PERCENTAGE CHANGE OF LATEST
DATA OVER CORRESPONDING MONTH OR PERIOD ONE YEAR AGO.

2. PRODUCTION:

QUARTERLY GDP - NO NEW FIGURES.
GDP BY COMPONENTS - NO NEW FIGURES.
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PAGE 02 STOCKH 02985 01 OF 02 040711Z

MAY 77 APR 78 MAY 78
INDUSTRIAL PRODUCTION INDEX 134 134 128 (-4.5)
(1968 BASE)

3. DEMAND: CY 1976 CY 1977

DISPOSABLE INCOME, (REVISED) (REVISED)

MILLIONS OF KRONOR,	185,913	209,408	(12.6)
CURRENT PRICES,	Q1 1977	Q1 1978	
UNADJUSTED	48,425	52,712	(8.9)

RETAIL SALES INDEX - NO NEW FIGURES. THE CENTRAL STATISTICAL BUREAU HAS ESTIMATED THE PERCENTAGE VOLUME CHANGE IN RETAIL SALES IN APRIL 1978 TO BE 8 PERCENT LESS THAN IN APRIL 1977.

TRANSPORTATION INDEX - NO NEW FIGURES
(1970 BASE)

HOUSING CONSTRUCTION STARTS - NO NEW FIGURES.

4. PRICE INDICES: JUN 77 MAY 78 JUN 78

CONSUMER PRICES	428	467	468 (9.3)
(1949 BASE)			
FOOD PRICES	555	599	598 (7.7)
(1949 BASE)			
PRODUCER PRICES	208	220	221 (6.3)
(1968 BASE)			
EXPORT PRICES	210	221	222 (5.7)
(1968 BASE)			
IMPORT PRICES	230	251	251 (9.1)
(1968 BASE)			

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PAGE 03 STOCKH 02985 01 OF 02 040711Z

5. FINANCIAL: JUN 77 MAY 78 JUN 78

MONEY SUPPLY (M3)	190.3	220.4	219.3 (15.2)
(BILLION KRONOR)			
LONG-TERM INTEREST RATE,	JUL 77	JUN 78	JUL 78
INDUSTRIAL BONDS AT			
MID-MONTH (PERCENTAGE)	9.76	10.15	10.18

CENTRAL BANK DISCOUNT RATE - LOWERED TO 6.5 PERCENT EFFECTIVE
JULY 21 (SEE REF B).

6. CENTRAL GOVERNMENT (ALL FIGURES IN MILLIONS OF KRONOR):

JUL 77 JUL 78

FEDERAL BUDGET OUTCOME	AONOIT	-11,616
(DEFICIT -)		

END JUN 77 3,\$ '7, 78

NATIONAL DEBT	82,340	105,238
OF WHICH:		

EXTERNAL PUBLIC DEBT 5,066 11,203

7. LABOR MARKET: JUN 77 MAY 78 JUN 78

TOTAL EMPLOYMENT 4,168 4,091 4,153
(THOUSANDS)

UNEMPLOYMENT 62,000 77,000 91,000

LABOR COSTS MAY 77 FEB 78 MAY 78
(1967 BASE) 342.6 379.6 390.3 (13.9)

THESE FIGURES DO NOT INCLUDE RETROACTIVE WAGE SETTLEMENT
INCREASES. THE MAY 1977 FIGURE INCLUDING RETROACTIVE INCREASES
WAS 350.8.

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PAGE 04 STOCKH 02985 01 OF 02 040711Z

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PAGE 01 STOCKH 02985 02 OF 02 040718Z
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UNCLAS SECTION 2 OF 2 STOCKHOLM 2985

8. BALANCE OF PAYMENTS (MILLIONS OF KRONOR, CURRENT PRICES):

JUN 77 JUN 78

TOTAL EXPORTS (FOB)	7,690	8,600	(12)
TOTAL IMPORTS (CIF)	7,520	7,400	(-2)
TRADE BALANCE	170	1,200	

JAN-JUN 77 JAN-JUN 78

TOTAL EXPORTS (FOB)	41,990	48,200	(15)
TOTAL IMPORTS (CIF)	44,740	44,200	(-1)
TRADE BALANCE	-2,760	4,000	

JAN-APR 77 JAN-APR 78

EXPORTS TO US	1,270	1,906	(50)
IMPORTS FROM US	2,131	2,251	(06)
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PAGE 02 STOCKH 02985 02 OF 02 040718Z

THE CENTRAL STATISTICAL BUREAU NOTES THAT MORE THAN HALF THE INCREASE IN THE VALUE OF SWEDEN'S EXPORTS TO THE US IN THE FIRST FOUR MONTHS RELATED TO DELIVERIES OF PASSENGER CARS.

END JUN 77 END MAY 78 END JUN 78

OFFICIAL FOREIGN

EXCHANGE RESERVES	13,900	19,853	19,893
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THE AVERAGE EXCHANGE RATE OF THE DOLLAR AGAINST THE SWEDISH KRONA IN JULY 1978 WAS ONE US DOLLAR EQUALS SKR 4.532.

9. COMMENT: AN UNOFFICIAL STUDY, PUBLISHED IN THE BUSINESS PAPER DAGENS INDUSTRI OF AUGUST 1, HAS PROVIDED FURTHER CONFIRMATION OF EXPECTED IMPROVEMENT IN SWEDISH INDUSTRY, ALBEIT IMPROVEMENT FROM A DEEP TROUGH. FIFTY-FOUR INDUSTRIAL FIRMS WERE ASKED ABOUT THEIR PRESENT SITUATION AND THE POSITION THEY EXPECTED TO BE IN AT THE END OF THE YEAR. THE RESULTS OF THE INQUIRY WERE AS FOLLOWS:

PRESENT SITUATION
 COMPARED TO ONE YEAR AGO
 (NUMBER OF FIRMS OF TOTAL 54)

INCREASED UNCHANGED DECLINED

CAPACITY UTILIZATION	24	23	6
ORDER POSITION:			
DOMESTIC MARKET	21	18	14
EXPORT MARKETS	39	12	2
INVENTORIES	5	21	27
EMPLOYMENT	14	21	19

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PAGE 03 STOCKH 02985 02 OF 02 040718Z

PROFIT LEVEL 20 14 13

FORECAST
SITUATION AT END OF 1978
COMPARED TO NOW
(NUMBER OF FIRMS OF TOTAL 54)

INCREASE NO CHANGE DECLINE

CAPACITY UTILIZATION 24 26 2

ORDER POSITION:

DOMESTIC MARKET 24 27 0

EXPORT MARKETS 27 23 1

INVENTORIES 4 28 21

EMPLOYMENT 15 28 11

PROFIT LEVEL 35 38 0

FORMER PRIME MINISTER OLOF PALME HELD A PRESS CONFERENCE ON AUGUST 1 TO REITERATE THE SOCIAL DEMOCRATIC PARTY'S PROGRAM FOR STIMULATING THE ECONOMY (DETAILS GIVEN UNDER POINT 5 OF REF C). PALME SAID THE NEED FOR HIS PARTY'S PROGRAM WAS NOW GREATER IN THE LIGHT OF THE OECD'S RECENT ECONOMIC OUTLOOK, WHICH PUT SWEDEN AT THE BOTTOM OF ITS GROWTH LIST. EDITORIAL COMMENT ON THE PRUDENCE OF WHETHER OR NOT TO STIMULATE THE DEPRESSED DOMESTIC MARKET AT THIS JUNCTURE IS DIVIDED: PAPERS OF SOCIAL DEMOCRATIC LEANING SUPPORT THE IDEA OF STIMULATION; MODERATE COALITION SVENSKA DAGBLADET, WHILE NOTING THAT ECONOMICS MINISTER BOHMAN AND BUDGET MINISTER MUNDEBO HAVE INTIMATED THAT SOME FORM OF STIMULATION MAY BE REQUIRED LATER IN THE YEAR, THINKS THE GOVERNMENT SHOULD HOLD OFF; INDEPENDENT LIBERAL DAGENS NYHETER FEELS THAT IF THE IMPROVEMENT IN TRADE BALANCE HAS CREATED SCOPE FOR STIMULATING CONSUMPTION, AND THEREBY EMPLOYMENT, THEN THE GOVERNMENT SHOULD CLIMB DOWN AND FOLLOW THE EXAMPLE OF THE SOCIAL DEMOCRATIC GOVERNMENT IN THE PARALLEL SITUATION IN THE FALL OF 1971. AS DEPARTMENT WILL RECALL THIS EMBASSY WENT ON RECORD IN MARCH THAT IMPROVING

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PAGE 04 STOCKH 02985 02 OF 02 040718Z

TRADE BALANCE WOULD PROVIDE SCOPE FOR SOME RELAXATION OF CONTROLS, POSSIBLY EVEN TO THE EXTENT OF ALLOWING SOME INCREASE IN THE VOLUME OF IMPORTS THIS YEAR.
KENNEDY-MINOTT

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